

# 1. Introduction

## A. Purpose and Content of Housing Element

The Housing Element of the General Plan is designed to provide the City with a coordinated and comprehensive strategy for promoting the production of safe, decent, and affordable housing within the community. A priority of both State and local governments, Government Code Section 65580 states the intent of creating housing elements:

*The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every Californian family is a priority of the highest order.*

Per State law, the Housing Element has two main purposes:

- (1) To provide an assessment of both current and future housing needs and constraints in meeting these needs; and
- (2) To provide a strategy that establishes housing goals, policies, and programs.

The Housing Element is a five-year plan for the 2005-2010 period, which differs from the City's other General Plan elements which cover a much longer period. The Housing Element serves as an integrated part of the General Plan, but is updated more frequently to ensure its relevancy and accuracy. The Housing Element identifies strategies and programs that focus on:

- (1) Conserving and improving existing affordable housing;
- (2) Maximizing housing opportunities throughout the community;
- (3) Assisting in the provision of affordable housing;
- (4) Removing governmental and other constraints to housing investment; and
- (5) Promoting fair and equal housing opportunities.

The Housing Element has the following major components:

- An introduction to review the requirements of the Housing Element, public participation process, and data sources (Section 1);
- A profile and analysis of the City's demographics, housing characteristics, and existing and future housing needs (Section 2);
- A review of resources available to facilitate and encourage the production and maintenance of housing, including land available for new construction, as well as financial and administrative resources available for housing (Section 3);

- An analysis of constraints on housing production and maintenance, including market, governmental, and environmental limitations to meeting the City's identified needs (Section 4);
- An evaluation of accomplishments under the 1999-2005 Housing Element (Section 5); and
- A statement of the Housing Plan to address the City's identified housing needs, including an assessment of past accomplishments, and a formulation of housing goals, policies, and programs (Section 6)

## **B. State Requirements**

The California Legislature has identified the attainment of a decent home and suitable living environment for every resident as the State's major housing goal. Recognizing the important role of local planning programs in pursuing this goal, the Legislature has mandated that all cities and counties prepare a housing element as part of their comprehensive general plan. Government Code Section 65302(c) sets forth the specific components to be contained in a community's housing element.

State law requires housing elements to be updated every five years to reflect a community's changing housing needs, unless otherwise extended by State legislation. The previous (1999-2004) Housing Element cycle for the San Diego region was extended one year by State legislation. Therefore, the 1999 Carlsbad Housing Element covered the period spanning July 1, 1999 through June 30, 2005. The updated Housing Element covers the planning period of July 1, 2005 through June 30, 2010.

## **C. Regional Share Housing Needs Assessment**

A critical measure of compliance with the State Housing Element law is the ability of a jurisdiction to accommodate its share of the regional housing needs – Regional Housing Needs Allocation (RHNA). For San Diego County, the regional growth projected by the State was for the period between January 1, 2003 and June 30, 2010. Therefore, while the Housing Element is a five-year document covering July 1, 2005 to June 30, 2010, the City has seven and one-half years (January 1, 2003 through June 30, 2010) to fulfill the RHNA. Table 1-1 presents Carlsbad's allocation of the regional housing need by income group as determined by SANDAG.

**Table 1-1  
2005-2010 RHNA**

Income Group	Carlsbad		Region	
	#	%	#	%
Very Low (<50% AMI) <sup>1</sup>	1,922	23.0%	24,143	22.5%
Low (50-80% AMI)	1,460	17.4%	18,348	17.1%
Moderate (80-120% AMI)	1,583	18.9%	20,280	18.9%
Above Moderate (>120% AMI)	3,411	40.7%	44,530	41.5%
Total	8,376	100.0%	107,301	100.0%

Source: SANDAG, 2005.

## D. Self-Certification

State legislation (AB 1715) sponsored by SANDAG in 1995 created the opportunity for jurisdictions within the San Diego region to self-certify the housing element of their general plans. Carlsbad views the housing element self-certification option as having three purposes:

1. Give jurisdictions more flexibility in how they meet affordable housing goals;
2. Focus on housing production rather than paper generation; and
3. Eliminate the State Department of Housing and Community Development's (HCD) review and certification of the updated housing elements.

To self-certify, a jurisdiction must meet the following criteria:

1. The jurisdiction's adopted housing element or amendment substantially complies with the provisions of state law, including addressing the needs of all income levels;
2. The jurisdiction has provided for the maximum number of housing units/opportunities as determined pursuant Government Code Section 65585.1(a) within the previous planning period (1999-2004);
3. The city provides a statement regarding how its adopted housing element or amendment addresses the dispersion of lower income housing within

<sup>1</sup> The City has a RHNA allocation of 1,922 very low income units (inclusive of extremely low income units). Pursuant to new State law (AB 2634), the City must project the number of extremely low income housing needs based on Census income distribution or assume 50 percent of the very low income units as extremely low. According to the CHAS data developed by HUD using 2000 Census data, 47 percent of the City's very low income households fall within the extremely low income category (see also Table 2-8). Therefore the City's RHNA of 1,922 very low income units may be split into 903 extremely low and 1,019 very low income units. However, for purposes of identifying adequate sites for the RHNA, State law does not mandate the separate accounting for the extremely low income category.

its jurisdiction, documenting that additional affordable housing opportunities will not be developed only in areas where concentrations of lower income households already exist, taking into account the availability of necessary public facilities and infrastructure; and

4. No local government actions or policies prevent the development of the identified sites pursuant to Government Code Section 65583, or accommodation of the jurisdictions' share of the total regional housing need pursuant to Government Code Section 65584.

The primary criterion for self-certification is the requirement that a jurisdiction must meet its affordable housing goal for the relevant housing element cycle. The affordable housing goal is defined in state law as the maximum number of housing units that can be constructed, acquired, rehabilitated, and preserved and the maximum number of units or households that can be provided with rental or ownership assistance for low, very low and extremely low income households.

Both the criterion and goal are intended to provide self-certifying jurisdictions more flexibility in meeting housing needs. Carlsbad complied with the production goal below based on a complex credit system that counts toward the goal not only construction of affordable units but also other accomplishments that provide adequate, affordable housing. In Carlsbad, these accomplishments included the City acquiring units at risk of losing their affordability to extremely low income households, requiring long-term affordability tenures, and requiring the construction of affordability units specifically for large households.

Carlsbad's production goal for the 1999-2005 cycle was 629 units, broken down by income category as follows and based on new construction and other accomplishments, as discussed above:

- Extremely Low Income (<30 percent AMI): 170 units (27 percent)
- Very Low Income (30-50 percent AMI): 201 units (32 percent)
- Low Income (50-80 percent AMI): 258 units (41 percent)

As demonstrated in Appendix A, Carlsbad has exceeded the requirements for self-certification by providing 274 extremely low, 357 very low, and 952 low income affordable housing opportunities during the time period. Exceeding the affordable housing requirements means that Carlsbad is eligible to self-certify its Housing Element, but does not exempt the City from complying with the State Housing Element law.

## E. HCD Review

While the City of Carlsbad is eligible to self-certify its Housing Element, the City has elected to submit the 2005-2010 Housing Element for HCD review to ensure the City's eligibility for affordable housing programs. The Draft Carlsbad Housing Element was submitted to HCD in August 2007. Comments were received from

the State HCD on the City's Draft Housing Element (HCD letter dated October 25, 2007). This Housing Element represents a revised document in response to both State and other public comments received during the 60-day public review period.

## **F. Data Sources and Methodology**

In preparing the Housing Element, various sources of information were used. Wherever possible, Census 1990 and 2000 data provided the baseline for all demographic information. Additional information provided reliable updates to the 2000 Census. These include population and housing data from SANDAG and the California Department of Finance, housing market data from Dataquick, MLS, and other web-based real estate services, employment data from the Employment Development Department, lending data from financial institutions provided under the Home Mortgage Disclosure Act (HMDA), and the most recent data available from service agencies and other governmental agencies. In addition, data from the City's Geographic Information Systems (GIS) Department, which uses information from SANDAG and the County Assessor's Office, was primarily used in developing the vacant and underutilized land inventory presented in Section 3.

## **G. Public Participation**

The general public has been consulted at various stages throughout the development of the Housing Element. Specifically, the City held three public workshops to address various components of the Housing Element and solicit input from community members. Each public workshop was noticed and the City sent fliers to service providers and a number of interested residents and community stakeholders, including:

- Home Owners Associations;
- Nonprofit organizations, social and supportive service agencies;
- Government entities;
- Groups representing the interest of farmworkers and farming industry; and
- Housing developers (both for- and non-profit).

The noticing list has been continually updated throughout the public review process. A copy of the noticing list and sample flyers are included as Appendix I.

The first workshop was held at City Hall on October 28, 2004. At this first meeting, the City gave an overview of the Housing Element Update process, requirements of State Law, and demographic and housing characteristics. Goals and policies of the 1999-2005 Housing Element were also reviewed. The City's second community workshop on December 9, 2004 reviewed opportunities and constraints to housing production in Carlsbad. The final community workshop was held on May 12, 2005. Recent changes in State law affecting the housing element, their possible implications for programs of the 2005-2010 Housing Element, and self-certification were discussed.

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Public input received during the workshops included the following topics in italics below; after each topic is the City's response, which is based on State housing law, good planning, and concerns expressed by the community.

- *The update process* – General questions were asked about the process to update the housing element, including how the Regional Housing Needs Assessment (RHNA) is developed and addressed. A purpose of the three workshops was to explain the need for a housing element and the method to revise it. To aid the public's understanding, each workshop featured a written staff report, oral presentation using PowerPoint, and public question and answer period. All materials presented at the workshops were made available to the public. Furthermore, the Housing Element itself explains the housing element update process.
- *Location of affordable housing* – The public expressed concern regarding clustering all affordable housing in a single location. Affordable housing is located throughout Carlsbad. This dispersing is aided by the many master planned communities in the north and south halves of the City. Each master planned community is required by the Inclusionary Housing Ordinance to provide fifteen percent of its housing as housing restricted and affordable to lower income households. As proof of the dispersion of affordable housing in Carlsbad, Section 3 of this Element identifies several existing and proposed affordable housing projects and sites and their locations in the four different quadrants of the City. The Inclusionary Housing Ordinance also requires inclusionary housing to be in the same quadrant as the master plan market rate units or in a contiguous location in an adjacent quadrant. Moreover, many residential projects built in Carlsbad are mixed income. For example, Pacific View in the Kelly Ranch master plan features 451 apartments, 111 of which are rent restricted to lower-income families and located throughout the project.
- *City Council deletion of units from the Excess Dwelling Unit Bank and the adequacy of the bank to respond to affordable housing needs* –Section 4, Constraints and Mitigating Opportunities, analyzes the City Council's 2002 action to delete units from the bank and the adequacy of the bank today to meet affordable housing needs and the City's RHNA.
- *Condominium conversions and a lack of senior housing* – Comments expressed at the first public workshop expressed concern over the displacement of lower income residents, particularly seniors, who are displaced by condominiums conversions. Proposed Program 1.1 of the Housing Plan notes the City will continue its policy of discouraging such conversions when they would reduce the number of low or moderate income housing units throughout Carlsbad. Condominium conversions are subject to the City's Inclusionary Housing Ordinance.

A concern was also expressed about a lack of senior housing in Carlsbad. In 1999, the City purchased an at-risk senior project and preserved 75

units for lower-income residents. Additionally, Section 2, Housing Needs Assessment, analyzes the need for senior housing in Carlsbad. Finally, proposed Program 3.10 notes the City's plan to develop 50 additional units of senior housing by 2010. The City is currently processing a 50 condominium senior project (Harding Street Senior Project) that would provide 7 lower and 8 moderate-income units.

- *Carlsbad's progress in providing affordable housing* – Section 3 details the City's accomplishments in providing very low, low, and moderate-income housing since 2003. Additionally, Carlsbad annually produces a housing production report that describes all housing produced by income level for the prior year. Section 3 also describes programs and policies that will enable the continuing production of affordable housing in the coming years.
- *Rezoning single-family home areas to permit higher density, low and moderate income housing* – Section 3 contains programs, both developer and city-initiated, to amend General Plan land use designations from non-residential and low density residential to permit high density and mixed use residential. Examples from Section 3 include the Bridges at Aviara, Quarry Creek, and shopping center projects.
- *Concern about reliance on the Inclusionary Housing Ordinance to produce affordable housing* – Since inclusionary housing is largely development driven, its production may decrease as land costs escalate and Carlsbad nears buildout. Therefore, it was also suggested that other means are needed to ensure affordable housing continues to be provided. The City notes that redevelopment of older properties, such as the conversion of apartments to condominiums, also results in inclusionary requirements (Section 3, Table 3-11 highlights one such project, Ocean Street Residences). The City expects property redevelopment to become more common, especially in older areas such as the downtown Village and the Barrio Area. Additionally, proposed Program 3-16 would result in Managed Living Units (which are similar to single room occupancy units) being conditionally permitted in the downtown Village area. Furthermore, proposed Program 2.4 requires the City to amend its zoning ordinance and other necessary land use documents to permit residential mixed use at 20 units per acre on shopping center sites and commercial areas. Other proposed programs promote additional affordable housing opportunities by continuing to implement a city land banking program to acquire land suitable for affordable housing; offering mortgage credit certificates, and Section 8 assistance.
- *Providing housing for persons with disabilities, single room occupancies (SROs), and other types of alternative housing* – The City acknowledges the need for these and other types of housing. Section 4 discusses a variety of housing types and Section 6, the City's Housing Plan, contains two proposed programs, Program 3.11 and Program 3.16, which

specifically address the two specific housing types of concern. It should be noted that the City is proposing an ordinance to conditionally permit Managed Living Units, which are similar to SROs, in the City's downtown Village area. The City also proposes programs to address transitional and supportive housing types.

- *Housing Element self-certification* – Comments expressed at the last workshop in May 2005 regarded self-certification and its effects on Carlsbad. While the City is eligible to do so for the current housing cycle, it has chosen to not pursue self-certification. More information about self-certification may be found in this section.
- *The need to house farmworkers* – Carlsbad addresses the City's farmworker population in Section 2, including in Tables 2-9 and 2-10. Proposed Programs 3.13 and 3.16 also discuss housing for farmworkers. In 2008, the City Council approved \$2 million in funding to rebuild and expand the City's existing homeless/farmworker shelter, La Posada de Guadalupe. The expansion would provide 50 to 72 beds for farmworkers in addition to the 50 beds the shelter now provides.

On April 26, 2007, the Draft Housing Element was presented to the Housing Commission for review and discussion. On June 19 and July 17, 2007, the Housing Element was reviewed and discussed at regular City Council meetings. The City Council authorized staff to submit the Draft Housing Element to HCD. As it did with the three public workshops, the City extensively publicized the Housing Commission and City Council meetings.

At the Housing Commission and City Council meetings, the majority of public comments were focused on the City's proposed designation of the Quarry Creek site to meet part of its RHNA. Several suggested the site should be preserved rather than designated for housing, citing cultural and biological resources that exist there and on adjacent properties. The designation of Quarry Creek for smart growth purposes by SANDAG was also questioned. Other comments raised regarded the adequacy of the affordability tenure (30 and 55 years) for affordable housing, the feasibility of affordable housing west of Interstate 5 and along the coast, and impact of Housing Element programs on the City's Growth Management Program's dwelling unit cap.

In response to Quarry Creek, the City has attempted, since the Housing Commission and City Council hearings, to find additional sites that would provide affordable housing opportunities besides Quarry Creek and other properties already identified. This effort was made further necessary as the City determined it could no longer count the Bridges at Aviara project to provide 377 units of potential affordable housing. (The City is now counting a much smaller yield from this project.)

In an effort to provide replacement and additional affordable housing sites, the City reconsidered its site analysis. While the effort failed to identify additional



vacant land or significant gains in individual underutilized properties, the City was able to propose new programs that recognize a substantial number of units from the proposed Barrio Area plan. Additionally, an increase in the permitted density for some land use districts in the Village Redevelopment also enabled the City to continue to meet its RHNA. While the City still finds Quarry Creek as a critical component of its affordable housing portfolio, with increased opportunities in the Village, the City has reduced the site's anticipated yield from 600 units (as originally reported in the City's August 2007 Draft Housing Element) to 500 units.

As listed above, another hearing comment questioned the adequacy of the rental and resale restriction term the City applies to lower-income housing. In response, Carlsbad believes its Inclusionary Housing Ordinance requirement for affordability tenure for rental and for-sale housing of 55 and 30 years, respectively, is appropriate. When redevelopment funds are used, the affordability covenant for for-sale housing is 45 years. Due to redevelopment requirements, most communities also use similar affordability covenants.

With regards to the feasibility of housing west of Interstate 5, the City acknowledges the cost of land anywhere in Carlsbad is high; however, review of Tables 2-20 and 3-20 will reveal that well over 100 apartments and condominiums (not including second dwelling units) for lower-income families have been constructed near the coast. While most of these result from the City's Inclusionary Housing Ordinance, some are non-inclusionary products, such as Roosevelt Gardens, an eleven-unit project being built by Habitat for Humanity. This project received financial assistance from the City.

The City believes the higher densities permitted in the Village and proposed for the Barrio Area plan will produce housing eligible to be considered as affordable housing. Also, it should be noted that all housing constructed in Carlsbad either pays an in-lieu fee toward or constructs affordable housing. As discussed in Section 3, fees are deposited into a trust fund which the City can leverage to produce or assist in the production of such housing. One such example is the purchase of Tyler Court in 1999, which preserved 75 units of extremely low and low income senior apartments in the Barrio Area west of Interstate 5.

With regards to Housing Element impacts on dwelling unit caps specified by the Growth Management Program, Section 4 provides a complete analysis to show that the proposed programs to ensure the City can meet its RHNA would not cause caps to be exceeded.

At the same time as the Housing Commission meeting, the City posted the Draft Housing Element on its website and provided copies of the document at City libraries and at its Faraday center. The City will similarly distribute the next Draft Housing Element.

Additional public input opportunities will occur before the Housing Commission, Planning Commission, and City Council as part of the Housing Element's review and adoption process. Public hearings will be held before each review body.

### H. General Plan Consistency

The Housing Element is a component of the General Plan, last comprehensively updated in 1994 with the most recent amendment in 2006. California law requires that General Plans contain an integrated and internally consistent set of policies. The Housing Element is most affected by development policies contained in the *Land Use Element*, which establishes the location, type, intensity and distribution of land uses throughout the City. An analysis of the major policy areas of the *Land Use Element* and its relationship with the Housing Element is contained below.

The Housing Element is also affected by policies in the *Noise Element*, *Open Space & Conservation Element*, and the *Public Safety Element*, which contain policies limiting residential development due to certain reasons of biological impacts, noise impacts, geology, and public safety, including the location of Palomar Airport and its influence area. The Housing Element also relates to the *Circulation Element* in that major areas for housing must be served with adequate access routes and transportation systems and other infrastructure, such as electrical, gas, water, and sewer lines.

The Housing Element uses the residential goals and objectives of the City's adopted *Land Use Element* as a policy framework for developing more specific goals and policies in the Housing Element. The numerous residential goals and objectives of the *Land Use Element* encompass five main themes:

1. **Preservation:** The City should preserve the neighborhood character, retain the identity of existing neighborhoods, maximize open space, and ensure slope preservation.
2. **Choice:** The City should ensure a variety of housing types (single-family detached or attached, multifamily apartments and condominiums) with different styles and price levels in a variety of locations for all economic segments and throughout the City.
3. **Medium and High Density Uses in Appropriate, Compatible Locations:** Medium and higher density uses should be located where compatible with adjacent land uses and where adequately and conveniently served by commercial and employment centers, transportation and other infrastructure, and amenities. Further, the City should encourage a variety of residential uses in commercial areas to increase the advantages of "close-in" living and convenient shopping.

4. **Housing Needs:** The City should utilize programs to revitalize deteriorating areas or those with high potential for deterioration and seek to provide low and moderate income housing.

Furthermore, affecting all development in Carlsbad is the Growth Management Program, the provisions of which are incorporated into the General Plan. Developed in 1986, the Growth Management Program ensures the timely provision of adequate public facilities and services to preserve the quality of life of Carlsbad residents. Accordingly, a purpose and intent of the Growth Management Program is to provide quality housing opportunities for all economic segments of the community and to balance the housing needs of the region against the public service needs of Carlsbad's residents and available fiscal and environmental resources.

The Housing Element was reviewed with regard to the Growth Management Program. As demonstrated herein, the City can meet its obligations under the law with respect to the Regional Housing Needs Allocation under the Growth Management Program.